

HB 1006

P.L. 191 – 2006

The bill is comprised of 5 sections

- Sections 1 and 2 pertain to transportation of homeless students.
- Section 3 pertains to maximization of the allocation and use of school resources for student instruction and learning
- Section 4 requires development and adoption by the State Board of Education of a plan for improving the financial management, analysis and reporting for school corporations
- Section 5 is the effective date of the law

Section 3 – Maximizing resources for Student Instruction

- Provides for:
 - Various collaborative efforts to reduce non-instructional expenditures and reallocate savings to student instruction
 - Pooling for various insurances
 - Joint purchasing of natural gas
 - Consolidation of purchases for various commodities and services
 - Shared services for various administrative and other services

NOT REQUIRED

- The bill DOES NOT REQUIRE school corporations to merge schools, consolidate schools, or otherwise relinquish control of curriculum, instruction or student activities in order to use shared service arrangements.

Education Service Center's

- Requires ESC's to support and facilitate actions by school corporations including the use of ESC's existing cooperative agreements
- Requires ESC's to report by August 31 of each year efforts taken during the preceding school year to facilitate the use of cooperative purchasing

AUTHORITY TO ALLOCATE EXPENDITURES TO STUDENT INSTRUCTION AND LEARNING

- PROVIDES FOR VARIOUS
COLLABORATION EFFORTS TO
REDUCE NONINSTRUCITONAL
EXPENDITURES AND REALLOCATE
SAVINGS TO STUDENT INSTRUCTION
AND LEARNING

State Board of Education

- Required to explore methods to reduce the expense by school corporations for:
 - Textbooks
 - Technology
 - School buses and other vehicles
 - Other areas determined by the board
- Required to annually survey corporations to determine actions taken to reallocate resources to student instruction and report these findings to each school corporation, the general public and General Assembly

State Board of Education

- Report by November 1 each year
 - Consolidated purchase arrangements
 - Shared Service arrangements
 - Efforts of corporations to explore cooperatives, common management or consolidation

State Board of Education

- Required to analyze each corporation's expenses for 2004-05 and 2005-06 to determine how much was spent from all sources, directly or indirectly for:
 - **Student Academic Achievement**
 - **Student Instructional Support**
 - **Overhead and Operations**
 - **Non-operation**
- Required to define the type of expenditure included in each category

State Board of Education

- Must submit a report of analysis by June 30, 2007 to State Superintendent, Governor, and General Assembly
- The State Board of Education is required to recognize each corporation and ESC that has improved its ratio of student instructional expense to all other expense during the preceding school year

GOALS

- BEGINNING WITH THE 2007-08 SCHOOL YEAR EACH GOVERNING BODY SHALL ESTABLISH GOALS FOR EACH EXPENDITURE CATEGORY THAT WILL INCREASE THE SCHOOL CORPORATION'S ALLOCATION OF TAXPAYER RESOURCES DIRECTLY TO STUDENT INSTRUCTION AND LEARNING
- GOALS SHALL BE IN LIGHT OF THE UNIQUE CIRCUMSTANCES PRESENT IN THE SCHOOL CORPORATION

FURTHER ANALYSIS

- BEGINNING WITH 2006-07 SCHOOL YEAR AND USING 2005-06 SCHOOL YEAR AS BASELINE:
 - OMB SHALL ANALYZE AND REPORT TO THE STATE BOARD, GOVERNOR AND GENERAL ASSEMBLY CONCERNING THE PROGRESS OR LACK OF PROGRESS OF SCHOOL CORPORATIONS IN EACH ESC'S AREA AND THE STATE AS A WHOLE IN IMPROVING THE RATIO OF STUDENT INSTRUCTIONAL EXPENDITURE TO ALL OTHER EXPENDITURES FOR THE PRECEDING SCHOOL YEAR

ASSISTANCE

- OMB AND DOE SHALL BE AVAILABLE TO CONSULT WITH AND PROVIDE TECHNICAL ASSISTANCE TO EACH SCHOOL CORPORATION THAT DID NOT HAVE AND IMPROVED RATIO DURING THE PREVIOUS SCHOOL YEAR

REPORTING

EACH SCHOOL CORPORATION SHALL INCLUDE IN ITS ANNUAL PERFORMANCE REPORT AND TO ITS GENERAL ASSEMBLY MEMBERS:

- THE PERCENT OF RESOURCES SPENT DURING THE PREVIOUS SCHOOL YEAR IN EACH CATEGORY
- WHETHER IT MET ITS GOALS ESTABLISHED FOR THE PREVIOUS SCHOOL YEAR
- A TREND LINE FOR EACH EXPENDITURE CATEGORY DURING THE PREVIOUS SCHOOL YEAR
- WHETHER IT DID OR DID NOT MAKE PROGRESS IN IMPROVING THE RATIO OF STUDENT INSTRUCTIONAL EXPENDITURES TO ALL OTHER EXPENDITURES DURING THE PREVIOUS YEAR
- THE GOALS ESTABLISHED FOR THE CURRENT SCHOOL YEAR

STATE BOARD RECOGNITION

- THE STATE BOARD SHALL RECOGNIZE AND REWARD THE SCHOOL CORPORATIONS THAT MEET THE GOALS THEY SET FOR THEMSELVES

SECTION 4 – A Plan for improving the financial management, analysis and reporting for school corporations

Not later than August 31, 2006:

- Department of Education shall develop a plan to upgrade the financial management, analysis, and reporting system for school corporations and schools
- The State Board must review and may modify the plan before adopting

FIVE Plan Requirements

- Provide for the use of generally accepted accounting principles based on the system of accounting used by school corporations and schools on 6/30/06
- Provide for a unified income and expense statement and balance sheet
- Provide school corporations and schools the ability to track expenditures individually and according to the expenditure categories as added by this act, the program under which the expense was incurred, and the school building where expense was incurred

Plan Requirements (Continued)

- Provide real time or other timely access to expenditures, and across functions, schools and school corporations
- Enable periodic and annual analysis and reporting to the leadership and governing body of the school corporation, the general public, the department, the State Board, Governor, and Indiana General Assembly.

Who are the Players

- Players include: State Board of Accounts, Division of School Finance, Division of Education Information Systems, Office of Management and Budget (OMB), external consultants and advisors
- Provide for input opportunity from governing bodies, superintendents, and other interested parties.

Three Tasks

- Consider existing financial management, analysis, and reporting systems and technology used in schools corporations and in other states; and,

Three Tasks (Continued)

- Consider the need for training personnel in school corporations in the use of the system, including a plan for the DOE to work with officials in each school corporation who are responsible for management of finances, organizations and other resources to create programs and curricula to develop the officials' management skills and abilities and train them in the use of the system; and,

Three Tasks (Continued)

- Identify any amendments to the Indiana Code necessary to implement specific provisions of the plan

Plan submission

- Submit plan to the Governor and General Assembly by 10/1/06

Workplan

- 1- Survey of activities in other states
- 2- Analysis of both internal and local school technology capacity for reporting
- 3- Financial Management, Analysis and Reporting Team
- 4- Training
- 5- Legal analysis

Technology Team

- Analysis of DOE capacity to receive expenditure data
- Analysis of needs and capacity of school corporations to maintain expenditure data on school building basis
- Analysis of “real time” reporting or harvesting of data on regular basis

FINMARS TEAM (Financial Management, Analysis and Reporting)

1. Provide substance to 4 expenditure categories and define the categories
 - **Student Academic Achievement**
 - **Student Instructional Support**
 - **Overhead and Operations**
 - **Non-operation**

FINMARS (Continued)

2. Evaluate current Reporting structure (data collection) and provisions for state analysis

Set framework/protocol for analysis

Pro-ration of fringe benefits to four categories of expense

Provide definition for “other” category of expense

Training Team

1. Regional Training for school business leaders concerning expense categories and detail in each
2. School Business Official's Academy

Legal Team

1. Final work after all other completed
2. Analyze current statutes and determine those that need to be changed to meet the requirements of this legislation
3. Recommend changes

Other work to be aware of

Revision of Chart of Accounts – already underway by State Board of Accounts – 3 state wide meetings scheduled with Indiana ASBO. This revision was underway prior to passage of P.L. 191-2006

**Final Report and
Recommendations**

- Timeline – prepare plan during August for submission to the State Board of Education at it's September meeting
